DOCUMENT RESUME

ED 302 329 PS 017 704

AUTHOR Federlein, Anne Cairns
TITLE Opening a Child Care Center: Expensive Lessons Learned by an Owner.
PUB DATE 88
NOTE 43p.
AVAILABLE FROM Child Development Designs Inc., 3375 Buckingham Trail, West Bloomfield, MI 48033 ($8.50).
PUB TYPE Guides - Non-Classroom Use (055)

EDRS PRICE MF01/PC02 Plus Postage.
DESCRIPTORS *Budgets; *Business Administration; *Day Care Centers; Early Childhood Education; Guidelines; *Legal Responsibility; *Personnel
IDENTIFIERS *Hazards

ABSTRACT

An introductory chapter providing an overview of marked conditions for day care centers, is followed by three chapters on specific aspects of the process of offering high quality child care at an affordable price. Vignettes drawn from experience provide additional insight into day-to-day child care business operations. An overview of marketing conditions in chapter 1 argues that it is possible to offer a high quality program, maintain a balanced budget, and operate day care centers profitably on a long-term basis. Chapter 2, which focuses on budgetary considerations, covers tuition and budgets for large and small centers, and suggests ways to increase income by providing additional services. Chapter 3 discusses legal procedures for hiring and firing. Included are tips on interviewing techniques and provision of wages and benefits. Chapter 4 describes experiences with partnerships, purchase of equipment, offended parents, and parents alleging child abuse. The booklet concludes with an outline of steps that lead to success for day care program directors. (RH)

****
* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *
****

ED302329

PS 017704

U.S. DEPARTMENT OF EDUCATION
Office of Educational Research and Improvement
EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)

☐ This document has been reproduced as received from the person or organization originating it.

☒ Minor changes have been made to improve reproduction quality.

• Points of view or opinions stated in this document do not necessarily represent official OERI position or policy.

Opening a Child Care Center: Expensive Lessons Learned by an Owner

by

Anne Cairns Federlein, Ph.D.

"PERMISSION TO REPRODUCE THIS MATERIAL HAS BEEN GRANTED BY

Anne Cairns Federlein

TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)."

A Publication of
Child Development Designs Inc.
West Bloomfield, Michigan

Opening a Child Care Center : Expensive Lessons Learned by an Owner
is a publication of
CHILD DEVELOPMENT DESIGNS INC.

EDITOR and PUBLISHER:
Anne Cairns Federlein, Ph.D.

PUBLICATION INFORMATION
CHILD DEVELOPMENT DESIGNS INC.
Office: 3375 Buckingham Trail
West Bloomfield, MI 48033
Phone: (313) 855-2874

Copyright (c) 1988
Child Development Designs Inc.

Information contained in this publication may not be reproduced in any form without written permission from the editor.

PREFACE

The business of child care is a challenge. However, administrators who have an indepth knowledge and experience in child care can effectively guide a staff to deliver quality child care.

The staff is the pivot of quality child care programs. Their training in early childhood and experience provides nurturing and educational experiences for each child in their care. One of the dilemmas in the business is how to pay the staff what they are worth and keep the budget in the black. It is tempting to try and solve the budget problems by hiring untrained and inexperienced workers and pay low wages. This solution creates havoc in the center with a high turnover in staff and disruption to the children and parents.

Wages is the largest item in a center's budget. Skimp in other categories, but never on your staff. Reward them with wages that reflect their worth. Their training and experience will make a difference in your job as director.

The information in this book has been garnered from many sources including my own as owner, director and teacher in child care centers, university professor and working parent. Experience has been an excellent teacher!

I thank colleagues and former students who have shared their dreams and horror stories with me over the years. The case studies are a compilation of their lessons and mine and in no way represent any one event at any one center.

Specifically I wish to thank Irene Stanko, Shelly Moss-Brooks, Kay Koulouras, Nancy Planck and Jill Stringer for their success stories. They are professionals who own and direct child care centers and walk in the fires daily. They offer outstanding care for children and they do not compromise quality.

Clem Cleveland has, once again, provided excellent skills in the publishing process of this booklet. His creative style and knowledge adds the finishing touches and his integrity is always valued.

And to you the directors reading this--keep this book on your desk. When the staff has the flu, parents haven't paid their tuition and bills are overdue read this for support. Above all don't give up. Tomorrow the staff will come to work and tuition bills paid.

One day an adult you won't recognize will come back and thank you for having cared about quality. That's your reward.

Anne Cairns Federlein
July, 1988

TABLE OF CONTENTS

Cahpter One
Overview of Market Conditions 3

Chapter Two
Let the Balancing Act Begin 11
Salary ranges 13
Tuition rates 15
Budgets 16

Chapter Three
Legal Procedures for Hiring and Firing 23
Hiring 23
Interviewing Techniques 24
Dismissal 26
Wages, Benefits and Contracts 27

Chapter Four
Ouch! These Lessons Hurt 29
Partnerships 29
The Cost of this Lesson
Rules to post above your desk 31
Buying Equipment 32
Is Bigger Better? 33
The Cost of Offending Parents 34
Parents appreciate you being 36
A Threat of Child Abuse 36
Tips to Remember 38
Steps for Success as a Director 39

chapter one

Overview of Market Conditions

The child care business is a challenge. What appears to be simple on the surface--providing care for children--covers up a complex business driven by many variables. Often the operation of a child care business is underestimated as only "babysitting."

This business challenges the most creative professionals to keep the budget in the black. Naive investors ask over and over how soon they can expect profits with little understanding of the complexities involved in delivering a quality product.

Media has peaked everyone's interest in child care and has encouraged investors to pursue the child care market. The June 3, 1988 edition of the Wall Street Journal says, "Day care is hot. Entrepreneurs, who once flocked into frozen yogurt or computer software, are now catering to kids. A half dozen venture-capital firms have financed child care start-ups recently. Day care centers are being opened by accountants, architects and real-estate developers."

Early childhood professionals are surprised by the interest of big business. They know inside the child care business, competition is stiff with a small profit margin.

What is the market of child care? There are about 60,000 to 70,000 licensed child care centers across the nation including family day care homes, child care franchises, public school programs and community and agency centers.

The franchise industry is growing at a rapid pace. However, most franchises have fewer than five centers in their chains. A dozen of the larger child care franchises

operate more than 20 centers each, according to the Wall Street Journal article.

Within the child care options there are non profit centers and for profit programs. Non profit programs offer full and part time programs at low tuition rates, while the range of tuition at for profit centers depends on the economic backgrounds of the families enrolled. In order to be profitable, many for profit centers offer a wide range of ancillary services, such as before and after school care, weekend care and services to parents to supplement their budgets.

One of the fastest growing competitors in the business today is the local public school. Federal and state legislation is garnering support for public schools to assume a larger role in child care. Many of the programs are included in community education departments in the public schools. They offer low tuition and convenience to parents. Child care teachers in these programs are low paid but see an opportunity to eventually be hired in the public schools at a significant increase in salary.

Questions about competition for students with public school child care programs are being raised in the private child care community. Public schools offer a wide range of programs competing with local for profit programs for the same local families. Often for profit centers have higher operating expenses and must charge higher tuitions. Local non profit programs also feel the enrollment pinch.

Networking between public school programs and the local child care community is one way to work cooperatively. This is effective with infant care. The cost and regulations connected with care of infants are prohibitive for most public schools. Referrals are made to local profit and non profit programs with infant programs and to local family day care providers for families with irregular working schedules or needing extended child care services.

Competition for the same group of children increases as more child care options are established. It is a buyers market. Parents choose the best care for their child based on availability and affordability. The challenge for program directors is to meet the needs of parents and provide quality child care services at competitive prices.

The business of child care is interesting. In many regions of the country, the need for child care is so severe almost any program has a full enrollment. In other geographical areas programs go out of business because of a glut of programs and few children, despite quality services and outstanding efforts of trained staff.

Parents need to be educated about selecting quality child care. Programs cannot just be judged by their physical structures and equipment. Trained staff and programming are not as obvious to the untrained eye. Parents should ask about the education and experience of staff, range of services, equipment and physical environment, long and short term programming and daily schedules including meals and snacks. A balanced budget is a challenge in the business of child care. Expenses and income are often close in number. Often an easy solution appears to be paying low wages to staff. This is effective only on a short term basis. Parents are becoming knowledgeable about quality child care and demand trained experienced staff to care for their child. A quality early childhood professional demands decent wages often putting the budget at risk.

However, the effect of hiring an untrained and inexperienced staff at low wages is not worth the price. There will be a high turnover in staff, poor programming resulting in loss of enrollment. This low quality care puts the program at risk for law suits and increases in insurance rates. The price is too high in the long term.

Instead cut back on the range of services. Offer only those that make money for the program. Lower the funding for new equipment, prioritize spending for supplies and food and reduce payments for attending conferences, mileage and advertising. Reduce items that have no direct effect on quality programming.

Of course to be successful in business one must always be aware of cost and staying within the budget. In the business of child care there is a delicate balance. Is there a successful formula to offer a high quality child care program and maintain a balanced budget? Can anyone make money and stay in this business for a long time?

The answer to both these questions is yes.

First and foremost, a highly trained staff must be hired and rewarded with annual raises on an established career ladder. They must bond together as a team with a positive nurturing attitude toward one another. This support will permeate the program and extend to children and parents. Creative ideas must be supported and implemented.

Attitude and training affect quality. When the staff works together and are encouraged to constantly evaluate and improve services, quality is achieved. No program is perfect. A stagnant program erodes quality over a short time. The team must "own" the program and have power to make changes based on needs of the children enrolled.

In order to nurture a spirit de corps, teachers must be valued. Even the best programs have difficulty recruiting trained child care workers. The best way to ensure maintaining quality staff is to pay them well. The Wall Street Journal says, "..even for successful firms,

growth eventually could be limited by the difficulty of finding qualified staff. Day care workers are notoriously low paid."

Today the average salary of a day care teacher is $13,000 usually with no benefits. Directors average $22,000 according to the National Association for the Education of Young Children. As a comparison, in many areas of the nation, a public school teacher with early childhood credentials earns an average of $33,000 with benefits.

Secondly, pricing your tuition correctly is needed in a profitable program. This is difficult. Tuition is usually based on the average income level of the community. The ability to pay may be over estimated and can cause low enrollment. Child care is rarely paid for by both parents. Rather it comes out of the mother's paycheck, according to Kathy Modigliani, a research scientist at Bank Street College in New York City.

Few women, even the most highly educated and trained, have positions with high salaries. When pricing the tuition of a program, consider the average income of women in the community. Can they afford to pay the tuition? Is there a market for additional services?

The first item mentioned--quality staff--still drives the budget and can make or break a business. Finding quality staff is difficult. Teachers are paid low wages, often a little above minimum wage, despite qualifications. The turnover is high and many leave the profession for better paying positions. Experienced directors are difficult to find and keep. Many have graduate degrees and make little more than $20,000 per year with few, if any, benefits.

Caroline Zinsser, of the Center for Public Advocacy Research in New York City says child care workers are paid less than zoo attendants, bartenders, house cleaners and hotel clerks.

Is there a bright side to the business? You bet.

There is a market that is growing daily as mothers enter the workforce and stay after child birth. A growing market cannot be underestimated in this day and age. There are also opportunities for corporate and community partnerships in developing child care options. It is a business that encourages entrepreneurship and creativity.

The spotlight is on child care. There is pressure to deliver quality care to children who will spend the greater portion of their young lives in child care programs. A federal policy for child care is frequently discussed in professional and business circles. States have tightened regulations for programs. In fact, 42 states have improved child care requirements in the past five years. Out of 41 states, 19 have updated requirements since 1985.

Improvements in state regulations include increased training requirements for caregivers, lower child staff ratios, separate center requirements for infants, toddlers and preschoolers and a stronger role for parents.

Some of the new regulations causing an impact on child care programs are:

* Recognition by 18 states for more training of directors. Twelve states mandate continued training and six require courses in child development and administration.

* Forty eight states require developmentally based child care programs. Idaho and Wyoming are exceptions.

* Twenty four states ask centers to state their educational philosophy.

* Sixteen states require ratios of one to ten for four year olds.

* Ratios of one to eight for three year olds are required in more than half the states.

* Annual training for caregivers and teachers is expected in 26 states.

* Eighteen states allow parents to visit centers unannounced.

A complete report on changes in regulations in each state, *The National State of Child Care Regulation 1986*, is available from Work/Family Directions, 16 Galen, Watertown, Massachusetts 02172.

The child care market is changing because of factors such as proposed new federal legislation, tightening of state regulations licensing programs, numbers of child care programs in public schools increasing, corporations offering child care benefits and growth of child care franchises.

The next chapters will discuss specifics on offering quality child care at an affordable price. The case studies give an additional insight into day to day operations in the business of child care.

A growing market for child care

51% new mothers work or are looking for work

20% increase in working mothers between 1976-1987

68% working mothers 30 years and older stay in workforce

54% mothers between 18-24 years stay in workforce

63% mothers with college degrees are working

38% mothers with high school education work

13.4 million families have two working parents

Source: 1987 data from the U.S. Bureau of the Census

chapter two

Let the Balancing Act Begin

The most feared component in any child care program is the budget. Why? Because most early childhood directors are experts in designing and developing quality child care programs based on needs of children and parents. Few are accounting types who look forward to juggling numbers in their heads and on paper with profit and loss statements.

However, to run a successful center the director needs to design and implement the components of a budget, construct a reasonable income and expense statement, understand benefits in the tax code and reimbursements from state and federal programs.

Early childhood professionals discuss quality in their programs as a top priority. Yet delivering a high quality program is a difficult task. Balancing quality with cost is a task that challenges even the most experienced in the business.

Why is the financial part of the business so difficult? Few early childhood training programs give their students in-depth financial training in their administration classes. Students are required to construct mythical programs and budgets, usually a child care center in their community. Options such as sick child care, before and after school care, consulting fees, resource and referral services, parent leaves and publications need to be included. Knowledge of inflation, national and state legislation and regulations, study of child care in other countries, loans, mortgages, construction costs, tax codes, reimbursement policies and capitol investments are also needed to be successful in the business world.

Let's look at two budgets and try our hand at balancing budgets for a small and large child care center. The cost of running a family day care home is usually significantly lower than in a center.

The first budget is for a small child care center serving 56 toddlers, preschoolers, kindergarteners and latchkey children. Tuition is low when compared to centers of similar size in midwestern large metropolitan areas.

The second budget is of a larger center considered top of the line in delivering quality care. There are 104 children enrolled in the same categories as the smaller center with the addition of an infant program.

Directors should write two budgets before the end of each fiscal year. The first one assumes full enrollment in the program and lists all tuition, reimbursements and additional income generated. It gives you a goal to work toward. The second budget is the realistic one. It is based on funds generated on two thirds enrollment.

Enrollment is rarely at 100 per cent for most programs. Two thirds enrollment is a good target to use to project income and expenses adequately. The cost is somewhere in between.

Never base your expenses on full enrollment unless you are in an area with a critical shortage of child care options. If you do the bottom line of the budget at the end of the fiscal year will be a nice hue of red!

Staff wages, training and experience have the greatest effect on the quality of care offered. Quality is always the top priority for directors and salaries are the largest cost in your budget.

In these two budgets child care workers are paid in the same salary range. Staff in the smaller center is paid the minimum of the range and in the larger center, the staff is paid the maximum. These numbers are hypothetical and have been selected for the task of balancing this budget. The salaries are not excessive, but do reflect

higher wages than most child care workers earn today. Regardless of the size of the program, the staff deserves adequate compensation for their efforts. In return, the turnover is the staff will be low.

In addition to a living wage, the staff needs consistent on the job training, encouragement to join professional groups, funding to attend conferences and subscriptions to early childhood publications. Make these benefits a priority in the budget. When a director contributes to ongoing professional development of the staff, the rewards are immediate to the children and the quality of the program.

Descriptions of job categories and wage requirements for staff in this budget are outlined. Use the job descriptions and salary ranges as a starting point when hiring in your program.

The categories are:

Director- a graduate degree in early childhood with courses in administration, teaching and administrative experience is expected for this position.

Salary range is $12 to $15 per hour plus benefits. The annual income for twelve months, including two weeks paid vacation, is $23,040 to $28,800.

Teacher- an undergraduate four year degree in early childhood or child development is needed. Experience working in other child care centers has usually been filled during degree requirements.

Salary range is $10 to $12 per hour plus benefits. The annual income for twelve months plus two weeks paid vacation is $19,200 to $23,040.

Latchkey teacher- is a part time position. An early childhood education background is essential to develop an interesting before and after school program that is not an extension of the classroom. Preparation time of half hour before or after each session is included in the hourly wage.

Salary range is $8 to $9 per hour, benefits as needed. Based on 22.5 hours per week the annual wages are $7200 to $8100 for ten months of work.

Assistant teachers- Training in a two year college program and/or high school vocational education program is required. Often this position can be half time to accommodate scheduling when the greatest number of children are enrolled.

Salary range is $6 per hour. Benefits are optional depending on number of hours worked in a week. Paid vacations should be included, however. Annual salary for 12 months is $11,520.

TUITION FOR A SMALL PROGRAM*

Program Rate	Week	Year	Hourly
Infant	$ 95	$ 4560	$ 2.38
Toddler	$ 95	$ 4560	$ 2.38
Preschool	$ 85	$ 4080	$ 2.13
Kindergarten	$ 90	$ 4320	$ 2.25
Latchkey	$ 45	$ 1800	$ 2.25

*Tuition is based on twelve months with the exception of Latchkey for ten months. Many programs insist on full enrollment in order to maintain a position in the program.

TUITION FOR A LARGE PROGRAM*

Program Rate	Week	Year	Hourly
Infant	$ 196.25	$ 9420	$ 4.91
Toddler	$ 196.25	$ 9420	$ 4.91
Preschool	$ 116.25	$ 5580	$ 2.91
Kindergarten	$ 120.00	$ 5760	$ 3.00
Latchkey	$ 70.00	$ 2800	$ 3.50

*Tuition is based on twelve months with the exception of Latchkey for ten months. Many programs demand full enrollment in order to maintain a position in the program.

Let's study the income and expenses for each center's budget and play around with making the numbers balance. Remember, salaries are the biggest expense so subtract that amount first from the income. All other expenses must then be balanced with the left over funds. Get out your calculator, sharpen your pencil and find your eraser!

BUDGET FOR A SMALL CENTER

Income

Tuition for 56 children	$ 199,560
Additional Funds	2,000
Fund Raising, etc.	.
TOTAL	$ 201,560

Expenses

Salaries	TOTAL	$ 122,400
Director	$ 23,040	
3 Teachers	57,600	
Latchkey	7,200	
3 Assistants	34,560	

BALANCE ..... $ 79,160

You have a total of $79,160 for the following items. Fill in the amounts and figure out the grand total.

Let the balancing act begin!

Substitutes	$_____
Secretary*	_____
Custodian*	_____
Benefits	_____
Loan Payment	_____
Equipment	_____
Supplies*	_____
Rent or Mortgage	_____
Utilities	_____
Insurance	_____
Maintenance/Repair*	_____
Advertising*	_____
Business Expenses*	_____
Mileage*	_____
Publications*	_____
Professional Activities*	_____
Grand Total	$_____

The items you can reduce or cut without affecting quality are those with an asterisk. As income increases these categories can be added to increase quality programming.

Remember if staff salaries are cut and/or less trained workers are hired to save money, it affects delivery of your "product" which is quality child care. Your reputation is at risk and future enrollments can be reduced. This short term savings puts your program on the line and possibly out of business.

Often directors think bigger is better. If enrollment could be increased, the budget would be balanced. Let's work on the budget for a larger center with higher tuition rates. When you are finished you will be able to see if bigger is really better.

BUDGET FOR A LARGE CENTER

Income

Tuition for 104 children	$ 651,200
Additional funds	5,000
Fundraising, etc.	.
TOTAL	$ 656,200

Expenses

Salaries	TOTAL	$ 344,520
Director	$	28,800
10 Teachers		230,400
2.5 Latchkey		16,200
6 Assistants		69,120

BALANCE ..... $ 311,690

Divide $311,690 among the following categories. Try to balance income with expenses with a small amount for carry over to the next fiscal year.

Substitutes ..... $_____
Secretary ..... _____
Custodian ..... _____
Benefits ..... _____
Loan Payment ..... _____
Equipment* ..... _____
Supplies* ..... _____
Rent or Mortgage ..... _____
Utilities ..... _____
Insurance ..... _____
Advertising* ..... _____
Maintenance/Repairs* ..... _____
Business Expenses* ..... _____
Mileage* ..... _____
Publications* ..... _____
Professional Activities* ..... _____

Grand Total ..... $_____

These categories represent only general areas. When working on budgets allow for extra funding in each category for increased costs. For example, the price of paper, utility rates, rent and benefits have increased significantly in the last few years.

How much extra funding is needed in a small program and the large program to stay in business?

How much extra money is needed to turn a profit?

Are there ways to increase income without numbers of children? Yes, but there is not one answer. This is another area where the creative thinking of your highly

trained staff pays off. Have brainstorming sessions during staff meetings to identify areas to increase income without disrupting the quality of care.

Think of your center as an extension of each family enrolled. What services can the center provide to reduce the stress and guilt of working parents? The more help you give, the more time is left for the children at the end of the day ... and the less stress you will see in children the following morning!

Here are some successful ideas

* Hold birthday parties on the weekends when the center is empty. Have a complete or partial package including food, favors and entertainment for parents to purchase.

* Establish overnight care (get the proper extension on your license and equipment) for special events, such as New Year's Eve. Announce a parents fun day and provide additional care on a Saturday or Sunday. Advertise the extended hours in community publications for children not enrolled in the program.

A good way to add to your enrollment

* Hire a professional fundraiser. They organize the event, process the money and send you a percentage of sales. Consider selling T-shirts and mugs for fast selling items. The staff's time is not affected.

* Have a wish list of equipment and books needed in the program. When a child has a birthday, parents can choose a book or an item from the list. Place the child's name on a nameplate on the object for posterity.

* Offer services such as dropping off laundry or buying groceries, gifts or prescriptions for working parents. At first glance this looks like more trouble than it is worth. Hire a high school student with a car to be on call after school. Or hire a high school student to do other chores to fill in time when demand for services vary. The additional income can be worth it. The wages paid to the high schooler are not as difficult to cover.

* Contract with a photography firm to take children's pictures and a barber to cut the children's hair on site. Of course rules and regulations would be followed. Schedule these services on a regular basis and announce them in the monthly calendar. One less chore on the weekend for working parents. Charge the parents for these services and arrange a percentage of the cost to return to the center.

* Establish a small lecture series in your community with name speakers from your area. Charge a fee for each lecture or a reduced rate for a complete package. In addition to the money made, the free publicity is tremendous.

* If the center has a commercial kitchen and you have hired a cook, consider packaging dinners for families. One center had a retired restaurant cook who established menus in advance and had parents sign up each week.

* Offer exercise classes and nutrition lectures on a varied schedule, including evenings, days and on weekends.

* A summer camp for school age children

* Make arrangements for sick child care services at local hospitals or have a list of available nurses to go to the child's home. These services can be arranged with a percentage going to your program for each referral.

* Set up a referral service on additional child care options needed by parents or as a community service. A charge is made for each referral.

* Resource materials, written and published by the center, can include topics of interest to parents and community. Some topics are discipline, balancing work and family, toilet training and gifts that are used.

* Network with local high school vocational education teachers, college and university professors in early childhood programs. Become a training site for early childhood teachers. Although you will not receive compensation for providing this service, the extra help improves the quality of the program. Also it is an excellent way to choose future employees and possibly, future users of your center for care of their children.

* Look for funding from public sources and private foundations for special projects. Network with university professors--they usually have more time and interest in proposal writing. It can benefit both of you in funds and prestige.

* And of course, raise tuition!

chapter three

Legal Procedures for Hiring and Firing

Knowing the legal procedures in hiring and firing will save the center's reputation and legal costs. Early childhood directors that are uninformed about employers' and employees' rights can put the business at risk.

The director must know what questions can be asked in an interview and what procedures are legal in terminating an employee.

Hiring

When staff is hired in a center it is usually for an immediate need. Either someone just gave notice and you have two weeks to find a replacement or you are beginning a program and need to hire numbers of employees in a short period of time.

Either way, do not be pressured into making fast decisions without thoroughly interviewing the candidate. Never hire based on one interview! Invite the prospective employee back for a second interview that includes spending part of the day in a classroom. Then make a decision--but only after checking ALL references. Horror stories abound about directors who have hastily hired a worker without going through all the steps.

STEPS FOR HIRING

1- First interview determines training and experience and "fit" with program.

2- Second interview focuses on philosophy and skills. Have candidate work in the classroom with staff.

3- Include staff in selecting new employees.

4- Check all references before hiring.

5- When offering position, state job description, wages and benefits and length of probationary period. Ask the new employee to read the handbook and sign before the week is over.

Interviewing Techniques

When interviewing candidates ask open ended questions. You will be able to assess the person's abilities and get a better picture of strengths and weaknesses. Use daily examples in the classroom and ask the prospective employee to solve the dilemma. Questions on biting and toilet training are good. Ask the candidate to assess their training and to describe prior child care experiences. From the answers you can determine their sense of professionalism and understanding of child care.

When the candidate returns for a second interview watch how quickly there is assimilation into the routine of the classroom. Is there participation with the children? Are there interactions with children, all levels of staff and parents? Is the prospective employee an observer rather

than an active participant? Is there any hesitancy in joining the class and getting to know the children? How did the children react?

Topics to avoid--
and in fact, may be illegal--during the interview are:

* National origin or ancestry,
* Age, marital status, number of children,
* Handicaps,
* Race, sex or religion,
* Type of military discharge,
* Arrests, court or conviction record; and,
* Membership in organizations.

Areas the interviewer CAN discuss are:

* Ability to perform job related functions,
* Educational background and training,
* Work experience,
* Community work,
* References; and,
* Informing the applicant any misstatements or omissions of
material facts may cause dismissal.

The Civil Rights Act of 1969 Title VII (amended by the Equal Employment Opportunity Act of 1972) is the federal anti-discrimination law. It applies to all employers of fifteen or more employees and prohibits discrimination against prospective employees because of race, color, religion, sex or national origin for any condition of employment.

Child care center administrators must post a notice stating they are an equal opportunity employer and how charges can be filed with the Equal Employment Opportunity Commission. Child care centers employing more

than 100 employees must submit an annual report of racial, national origin and sex in each category of jobs.

Dismissal

Dismissal of an employee is based on procedures printed in the employee handbook and available to all in the center. Make sure multiple copies are in the staff lounge. Documentation is the most important component in the dismissal process. A file must contain the employee's history and circumstances of concern, the date and content of each meeting with the employee to discuss conduct and/or event.

Keep the records concise, show just cause for dismissal and the proper procedures taken. This will reduce the chance of success of any future litigation by the employee.

Recommended steps for dismissal are:

1- Inform the employee of the problem. Give a verbal warning. Offer to assist in rectifying the situation. Document the meeting. File information and give a copy to the employee.

2- The second warning states the grievance in writing to the employee.

3- The third warning again states the grievance and gives the consequences if the actions persist.

4- The fourth notice gives termination. It is to be written and includes the specific reasons for dismissal. Keep all notices in a single file for future reference.

Immediate dismissal is needed for certain misconduct in child care centers such as theft, use of drugs or alcohol at the center or abusing a child. Give the employee a verbal dismissal and follow up with written notification, sent by certified mail immediately. Keep a record on file.

Wages, Benefits and Contracts

The child care industry is not lucrative. Workers in the business are primarily women who work part time. They are paid low hourly rates with no benefits and rarely sign a contract. This is generally true for both highly trained professionals and those with little or no education and experience. Many of the women in the business who work part time report they cannot afford child care themselves to pursue a full time career.

The job categories offer little advancement in pay or status and do not allow financial rewards for advanced education, training or experience in the field. Directors base their pay scales on "what the traffic will bear." Often this means the minimum hourly rate for assistant teachers with a dollar or so raise for the categories of teachers and directors. The pool of workers is smaller today and will continue a downward spiral. It has become more and more difficult to hire and keep trained child care workers at low wages. In some geographic areas of the country the turnover of staff at centers is in excess of 75 per cent each year.

Paying a living wage to your employees makes the difference in how your center operates. It is true "you get what you pay for." It is difficult to balance the budget with high wages and there is always the temptation to hire inexperienced uneducated staff. Take a minute and calculate what your legal costs would be if you are sued for child abuse. Calculate how much the bad publicity will

cost you. There is a good chance it could put you out of business. What a price to pay!

Paying a decent wage is no guarantee against a law suit--there is no guarantee. However when your pay scale is higher than other centers the pool of applicants will have better credentials.

Cut the amount of expensive equipment, curtail supplies--except nutritious meals and snacks--buy an answering machine rather than pay a secretary, do your own bookkeeping, sweep your own floors--but don't skimp on wages to your staff. The price is too high in the long run.

chapter four

Ouch! These Lessons Hurt

The following case studies are selected to tell some pitfalls of the child care business. On the surface, child care looks easy; a business that is almost too good to be true. After all there is an eager growing clientele, the services appear to be easy to deliver at a low financial risk and profits can be substantial if one has business acumen.

As you read these hard learned lessons, reflect on your practices. Remember education always has a price.

Partnerships

Partnerships in a business are difficult at best. Many investments have been lost over personal differences. It has been said a partnership is like a marriage, one never really "knows" a partner until the ink on the legal papers is dry. Differences in work habits, ethics and integrity can be solved if communication between the partners is open, honest and consistent.

This is an interesting case study on partnerships. As you read this reflect on the pros and cons of partnerships.

Two teachers decided to open up a child care center in the early 1970s. After all, they both knew about curriculum, children, parents. That was the problem--they both knew the same things. Neither understood budgets, tax codes, leases, negotiations, zoning laws, marketing, advertising, accountants and lawyers.

They established boundaries of operation for each partner. One went back to school for business classes.

Each was an expert without interfering with the other. This reduced daily conflicts. Another rule posted in the office was to support one another in public no matter how difficult. It was decided the "discussions" would take place after hours, away from the ears of staff and families enrolled in the center. The meetings were always held in a restaurant. Why? This would keep the negotiations professional and voices quiet! One partner had a financial crisis after three years of operation. She needed money from the business quickly. How to end the business had never been discussed during the exciting days of beginning a business. It was assumed the center would last forever.

Disagreements over personal use of money ensued and even discussions in restaurants did not solve anything. The attorney who did the incorporation papers was called in to arbitrate and draw up a new agreement. Legal costs soared over a short period of time and cut into the slim profit margin. Working together became impossible and one partner always managed to stay away from the center when the other was present.

The Cost of this Lesson

The best way to survive a partnership and remain friends is to work out an agreement for dissolution of the partnership on the day the incorporation papers are signed. When there is excitement about the new venture and you are working together toward a common goal, that is the time to decide what will happen when it is time to leave. Believe it or not, it is harder to quit when there is a plan. The options are in writing. There is no illusion about the price you will pay if problems get out of hand.

The cost of not having a plan to dissolve the business? **High**--it will affect your financial health for a long time and even your quality of life in retirement.

Remember nothing is forever. Plan ahead.

In the Beginning

Another thought on directing a child care business.

When you are beginning a child care business, the director spends in excess of 12 hours a day on details no one could ever imagine. It is important to establish the "spirit" of the center through your communication with staff, parents and community.

In the beginning of the program, enrollment may not be filled. This is a good time to teach and model for other staff as well. Within six months this will not be possible, so spend as much time in the classroom as possible now.

RULES TO POST ABOVE YOUR DESK

TIE A KNOT IN YOUR TONGUE
UNTIL YOU ARE CALM

DOCUMENT ANYTHING THAT
GIVES YOU A STOMACH ACHE

DON'T EVER THREATEN TO QUIT–
100 ARE WAITING FOR YOUR JOB

IF IT DOESN'T MAKE SENSE
STAND STILL
KEEP YOUR EARS OPEN
KEEP YOUR MOUTH CLOSED

Buying Equipment

Partners in a child care center decided at the inception of the business to have only the best equipment. They were convinced parents bought into a program based on their first impression. Because their center was in an upper middle class area, they decided to buy one flashy large piece of equipment that could be seen from the lobby.

The climber arrived with a price tag of almost $10,000. It cost another $500 to put it together and inflate and fill the crevices and open areas with plastic balls and water. It was stunning. In fact the staff often stayed after work to play on the equipment. They said the cavern filled with plastic balls was a great way to reduce stress after a long day.

After seeing the climber for about 12 weeks, parents no longer "saw" it. The piece dominated the room, ruined a good traffic pattern for children and left little space for the housekeeping, block, water, sand, painting, book and creative movement areas.

Two years later, few children used the climber on a regular basis. Only children new to the program played on it. Disagreements broke out regularly between children on the slide that was too tall for most preschoolers. Many minor accidents happened on the equipment. The owners were disillusioned. They feared the costs of a lawsuit if a major injury happened. So they limited time spent on the climber and stationed one assistant full time next to that one piece of equipment.

The owners learned some very expensive lessons. First, they are still making payments on equipment that has reduced use. The equipment budget is severely curtailed because of the expense of the climber. The owners are fielding questions from parents about the sparse equipment in other areas of the center. Prospec-

tive enrollees have commented on the open spaces and lack of toys.

The owners bought the climber over the protests of the early childhood consultant they hired. The partners were sure they knew what upper middle class parents wanted in equipment. What they did not understand were the principles of appropriate equipment for young children.

Principles for ordering equipment:

1- All equipment must have more than one use.

2- Equipment must be made of quality materials.

3- Equipment must be durable and withstand constant use.

4- Equipment must meet the needs of the children enrolled.

The Cost of this Lesson

When the loan is paid off (with substantial interest), the effect on the equipment budget is assessed and the effect of parents questioning the lack of equipment in the program; the cost of this one piece of equipment was too high. Exact numbers are difficult to calculate, but the overall cost of this lesson was well in excess of $10,000!

Is bigger better?

It is a temptation to enlarge the successful program. A rule of thumb is to ask how much you are making in profits. Would increasing the enrollment be beneficial to all or would it only increase the cost of insurance, staff,

equipment and supplies? Would a larger facility be needed?

When the costs to enlarge a program are computed often bigger is not better. It just becomes a bigger headache with no additional compensation on the bottom line. This is not to say you should only be ruled by the budget--it is to say you should be ruled by the budget and common sense.

The Cost of Offending Parents

This is a true story.

A few years ago a friend enrolled her son in a very well known and respected preschool. They had a rule that any child not completely toilet trained could not attend. The parents both worked and one was completing a graduate degree in night school. Financially, these parents needed to work. And the inevitable problem occurred..their son was "delayed" in his toilet training. Most of the time he was successful but accidents did occur at the center depending on how engrossed he was in the activities.

The first time the child had an "accident," the director called the mother and suggested there was something wrong with the child's development, but allowed the child to stay in the program. The next time it happened the mother was called and told the staff did not have time to take care of his needs. It was suggested perhaps the mother quit work in order to "work on his training" and then re-enroll him in the program at a future date. When the mother refused, the child was given one more chance. It was emphasized children in that program were to be trained completely by age three.

The inevitable happened and the child was asked to leave the program at the end of the day. The following

day the parents stayed home to find care for their child. It was the middle of the year and difficult. Each parent lost many days of work not to mention sleep. The child missed his friends.

Finally a space was found in a center 20 miles away from home. This director said to bring him in immediately, there was a space. As for the toileting issue she said, "that's our business caring for children. We all have differences in our development."

Over the next year the child became completely toilet trained. He gained independence and a strong sense of self. The parents were so relieved. Their guilt as working parents subsided.

The Cost of this Lesson

These parents have referred at least 75 children to the new center over the past five years. These referrals increased the budget of the center by almost $110,000. And that does not include the referrals from those families.

This one act of kindness and flexibility had a significant impact on the financial health and reputation of the center.

When the parents were asked by other parents why their child no longer attended the first center they told their story. They sympathized with other parents with children who didn't "fit" into child care centers. Over the years they told perhaps 50 families who then told 50 families who then told 50 families and so on.

If there could be an accounting, perhaps the total cost to the center that disenrolled the child might be in excess of half a million dollars through lost enrollments and reputation.

But we will never really know because the center folded two years ago!

PARENTS APPRECIATE YOU BEING...

1- Tactful, honest and flexible when discussing problems.

2- Supportive and not adding to their guilt about their child in your care.

3- Concerned about them as a family unit.

4- Thoughtful--giving additional support with out being asked.

5- Professional and keeping confidences.

A Threat of Child Abuse

An enraged parent confronted a teacher in the hallway. Her child had been "touched." Time stood still as the director discussed what had happened. A part time worker was accused. The director, frightened and confused, talked to the worker and gave the employee a paid leave until further notice. The parent called the police and the licensing agency of the center. The mother complained loudly about the incident in the community and demanded the director notify other parents who had children enrolled in the center.

In rapid succession the suspected worker was cleared by the police. However the licensing representative was not knowledgeable in the limitations of the agency and demanded the director send a letter to parents asking if their children had reported similar incidents. A few

parents disenrolled after receiving the letter, the majority stayed.

The parents of the "abused" child began making more demands of the director. Her child was fearful of being left along and developed sleep difficulties so the mother insisted on staying with the child all day at school. The mother disrupted the daily activities by continually talking to the staff. The parent, not satisfied with the police report, again contacted the licensing agency to pursue an investigation.

Again the center was visited by the agency representative. Notice of a full investigation and possible suspension of their license was threatened if the director did not send a second letter to parents informing them of an investigation by their agency. The police maintained there was no reason to pursue the complaint.

Four more weeks passed. The staff was stressed and threatening to quit, the parent was becoming more demanding every day, the child never spoke only hung on the mother's skirt and regular phone calls came from the agency threatening action. Desperate, the director called a colleague in the early childhood network.

The colleague asked pertinent questions refocusing the director's thinking. Had the director contacted an attorney to find out their legal rights with the agency, parent, child and worker? Why was the mother allowed to attend the program and disrupt the center? Why was the child still enrolled if she was so frightened to come to school? Where was the worker who had been cleared? Why was the agency representative so insistent on communication with other parents when no charges had been filed? Where was the father of the "abused" child?

One appointment with an attorney cleared up all of the questions. As soon as legal counsel communicated with the parent and agency, the parent and child stopped coming to the center as did the agency representative.

Cost of this Lesson

The cost of this lesson was high in the stress on the director and staff. Fortunately the legal costs were minimal in phone calls and a few appointments with an attorney.

The lesson to be learned? Every day a director handles angry parents regarding many topics. However the topic of child abuse is so emotional no one could think straight when the accusations started. The parent frightened the director and staff and therefore had the upper hand. She was allowed to cause disruption in the program. Actions of the licensing agency strengthened the parent's position. The director and staff had no advocates to rely on.

Use all available resources if this happens in your program. Have an attorney before you need one to protect your rights when you cannot.

Fortunately the cost of this lesson was attorney fees. The enrollment in the center was not significantly affected.

Oh yes, where was the father? He was charged with sexual abuse and the family disappeared from the community. Another lesson learned.

Tips to Remember

STEPS FOR SUCCESS AS A DIRECTOR

* Put your support and money behind a trained staff.
* Bring all parties together immediately when there is a problem.
* Collect all tuition and don't let accounts go over 30 days.
* Be visible in the classroom.
* Hold meaningful short staff meetings.

* Develop handbooks for parents and staff to state expectations.
* Support training and professional activities for staff.
* Be flexible. Meet individual needs as much as possible.
* Demand quality and a spirit of cooperation.
* Keep your sense of humor.

Take a minute to enumerate the lessons you have learned in this business. Calculate the cost of each lesson and underline it in red. Use these case studies and yours for inservice training sessions with your staff. Ask them for solutions and to identify the consequences with each solution.

Lessons I Have Learned

1.

The cost is_____

2.

The cost is_____

3.

Total cost_____

The business of child care is a challenge to provide quality care. What better way to spend your professional life than having an impact on the lives of children? We often question if our efforts are recognized and appreciated. Are the daily irritations worth it?

You bet. We have the future in our hands.